

ARIZONA CORPORATION COMMISSION

ORIGINAL



**RATE APPLICATION
FOR WATER COMPANIES
WITH ANNUAL GROSS OPERATING REVENUES
(INCLUDING REQUESTED RATE RELIEF)
OF LESS THAN \$250,000
PER ARIZONA ADMINISTRATIVE CODE R14-2-103**
Details at website: www.azcc.gov

Docket #

W-02355A-090275

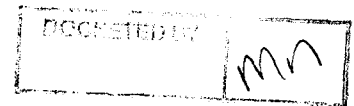
Sulger Water Company #2
UTILITY NAME

12/31/2009

TEST YEAR ENDED

Arizona Corporation Commission
DOCKETED

MAY - 5 2010



Required invoices to be submitted are listed in the checklist on page 1.

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application please call (602) 542-4251 for Staff assistance or see our website at:

www.azcc.gov

IN ORDER TO PROCESS YOUR APPLICATION
PLEASE FORWARD THE ORIGINAL
AND FIFTEEN COPIES OF THE
APPLICATION PLUS

THREE PACKETS WITH COPIES OF
CHECKLIST ITEMS 5-11 (PAGE 1)

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL CENTER
1200 WEST WASHINGTON STREET
PHOENIX, ARIZONA 85007

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

2010 MAY - 5 PM 4:52

RECEIVED

WATER RATE APPLICATION CHECKLIST

Please use the following checklist to ensure that all necessary attachments are included in the application. Provide an explanation for any omitted item. Please include **13 copies** of this application in your application submission. Also, please include **three packets** with copies of checklist items 5-11.

ORIGINAL APPLICATION PACKAGE ITEMS

- ☒ 1. The Arizona Department of Environmental Quality ("ADEQ") compliance status report (use the Maricopa County request if in Maricopa County). Use the appropriate request form in the appendix at the end of this application to obtain the status report. A separate form should be used for each public water system, as defined by ADEQ, which is part of this application.
- ☒ 2. The Arizona Department of Revenue ("ADOR") certificate of compliance letter of good standing. The form is available online at http://www.azdor.gov/ADOR_Forms/20-29/25-0002_fillable.pdf
- ☒ 3. The utility's most recent ADEQ annual sampling fee invoice for its Monitoring Assistance Program.
- ☒ 4. Invoices for each plant asset purchase in excess of \$150 for the Test Year, as well as all of the intervening years since the utility's prior Test Year as itemized on page 12.

3 5475 Please provide 3 packets with copies of the following information to support entries on the Income Statement on page 19:

- ☒ 5. A breakdown by name, position, salary, and duties for the Salaries and Wages expense. (Acct. 601)
- ☒ 6. Invoices for Purchased Water during the Test Year. (Acct. 610)
- ☒ 7. Invoices for Purchased Power during the Test Year. (Acct. 615)
- ☒ 8. Invoices for Repairs and Maintenance in excess of \$150 incurred during the Test Year. (Acct. 620)
- ☒ 9. Invoices for Outside Services in excess of \$150 incurred during the Test Year. (Acct. 630)
- ☒ 10. Invoices for Water Testing during the Test Year (Acct. 635)
- ☒ 11. Statements from the county for Property Tax expenses incurred during the Test Year. (Acct. 408.11)

GENERAL INSTRUCTIONS

Processing the request for a rate adjustment requires completion of ALL PARTS of this application. Complete the Narrative Description of the Application for Rate Adjustment on pages 2 and 4, as well as the statements on pages 5 and 6. Read the accompanying instructions and fill in the entries on pages 8 through 31. Dollar amounts should be rounded to the nearest dollar. **NO ENTRY SHOULD BE LEFT BLANK.** If an amount is zero, enter a zero. **Any application that is found to be insufficient will not be processed until the deficiencies are corrected per A.A.C. R14-2-103.B.7.**

A completed application also **requires** notification of customers of the rate request. The format of the customer notification letter is provided on page 32 of this application. Use the language and form of this letter in notifying customers. The customer notification **must** be provided to customers on the same date as the rate application is filed. A copy of this notice, together with a **notarized** cover letter stating the method of customer notification and the date the notification was sent to the customers, **must** accompany the application form.

Please provide any supplementary information the Company believes will assist in the evaluation of the rate request. For example, if expense items are substantially different from the latest annual report filed with the Commission, or if significant plant additions have been made since the prior rate increase, attach supporting explanations for those changes to the application. Clearly label any attachments and staple them to the application.

Selection of a Test Year for the utility is an important part of the application. A Test Year older than the year reflected in the most current Annual Report filed with the Utilities Division is usually considered outdated. Questions regarding the selection of a Test Year should be addressed to Staff at (602) 542-4251.

Please contact the Arizona Department of Environmental Quality (and/or its authorized county agencies) and request a compliance status report. Submit a copy of this report as part of this filing. Please refer to the appendix of this application form.

Please contact the Arizona Department of Revenue and request a certificate of compliance letter of good standing regarding taxes. Submit a copy of this compliance certificate.

After you have included all the required items from the checklist on the previous page, please submit the **original and thirteen copies** of the completed application with a cover sheet to:

Arizona Corporation Commission
Docket Control Center
1200 West Washington Street
Phoenix, Arizona 85007

Also, please include **three packets** with copies of checklist items 5-11 in your application filing.

ARIZONA DEPARTMENT OF REVENUE

certificate of compliance letter of good standing

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

compliance status report

Requested 2/10/10 - got received as of 4/24/10

Certificate of Compliance Letter of Good Standing

Sulger Water Company #2

This Certificate of Compliance is issued pursuant to Arizona Revised Statutes Section 42-1110 and/or Section 43-1151. It certifies that, according to department records, the above named taxpayer has filed and paid all taxes due under Title 42 and Title 43, specifically and only as to the following described tax types and identification/license numbers:

TAX TYPE

Federal Employer Identification Number
Transaction Privilege Tax License

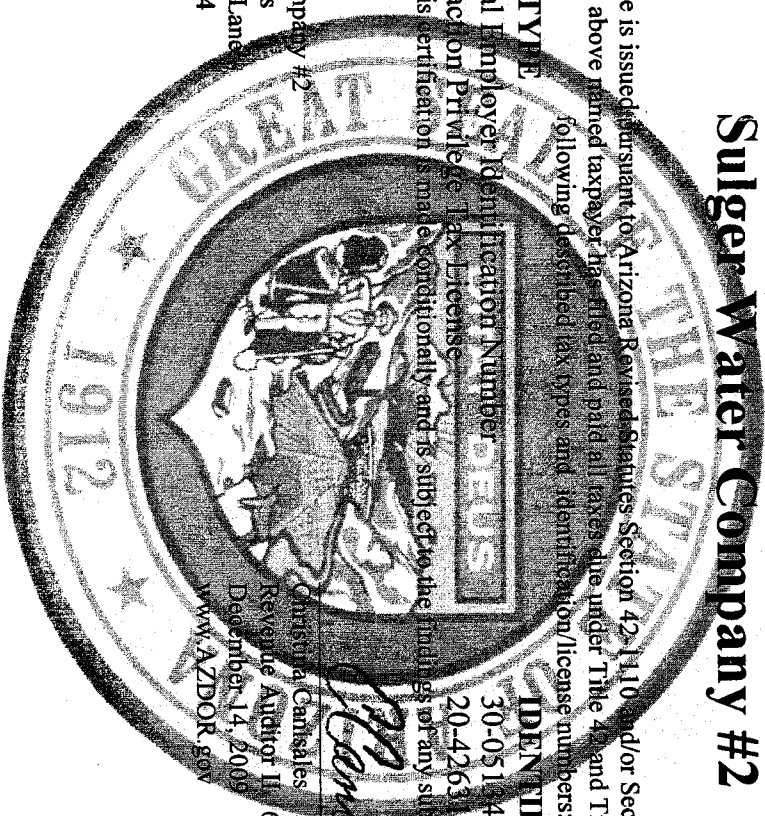
IDENTIFICATION

30-0516419
20-42631-1

This certification is made conditionally and is subject to the findings of any subsequent audit.

Issued To:

Sulger Water Company #2
Attn: Valerie Betts
1380 W Caroline Lane
Tempe, AZ 85284



Christina Camacho
Revenue Auditor II
December 14, 2009
www.AZDOR.gov
602-716-6234

Certificate of Compliance Letter of Good Standing

Heart Cab Co., Inc.

This Certificate of Compliance is issued pursuant to Arizona Revised Statutes Section 42-1110 and/or Section 43-1151. It certifies that, according to department records, the above named taxpayer has filed and paid all taxes due under Title 42 and Title 43, specifically and only as to the following described tax types and identification/license numbers:

TAX TYPE

Federal Employer Identification Number

This certification is made conditionally, and is subject to the findings of any subsequent audit.

IDENTIFICATION

86-0258277

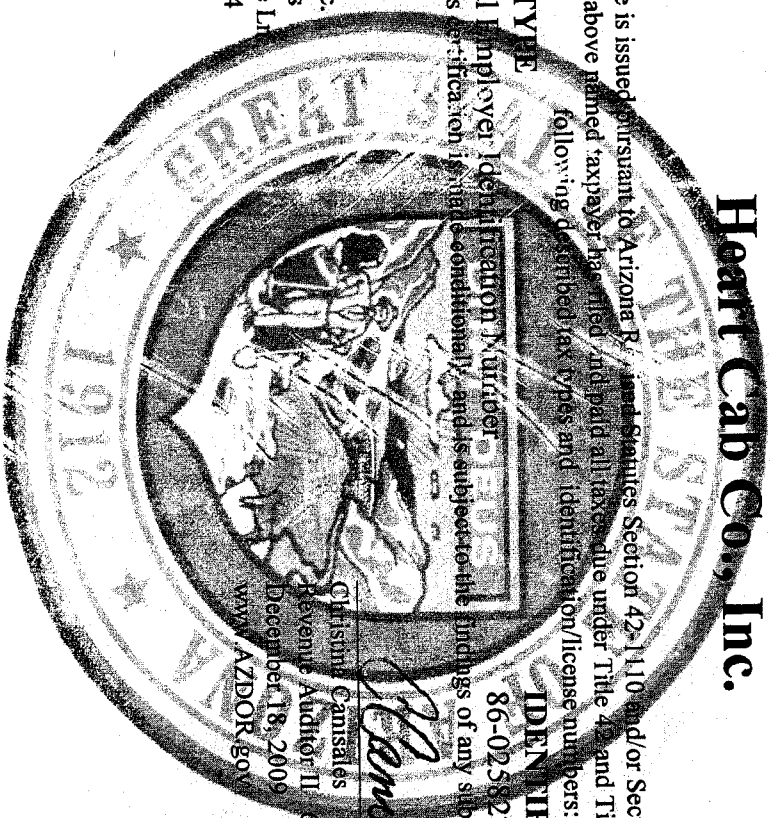
Issued To:

Heart Cab Co., Inc.

Attn: Valerie Betts

1380 W. Carokine Ln

Tempe, AZ 85284



Christine Cansales

Revenue Auditor II 602-716-6234

December 18, 2009

www.AZDOR.gov

Utility's most recent ADEQ annual sampling invoice



ANNUAL SAMPLING FEE INVOICE



Pursuant to A.R.S. § 49-113, interest will be charged if full payment is not received by the specified due date. If you dispute the amount listed, please contact ADEQ as soon as possible. To reduce interest costs on an unpaid invoice, you may remit an amount that you believe is not in dispute. However, if nonpayment is due to wilful neglect, you may suffer an additional five percent penalty of up to twenty-five percent of the amount due for each month or fraction of a month the amount is past due.

If you have any questions about your invoice, contact W. Scott Steinhagen at (602) 771-4445 or toll-free within Arizona at (800) 234-5677, extension 771-4445.

Pursuant to A.R.S. § 49-360 F and A.A.C. R18-4-224 through R18-4-226, "The director shall establish fees for the monitoring assistance program to be collected from all public water systems..."

Owner Id #: 20769	Invoice Number 65738
To: SULGER, TIM 2611 N CALLE SEIS HUACHUCA CITY AZ 85616	Public Water System ID #: 02120
	Billing for Calendar Year: 2009
	Due Date: November 17, 2008
	Total Amount Due \$ 293.69
	Amount Paid \$

↑ Keep the top portion for your records. ↑

ADEQ Federal Tax #866004791

↓ This entire bottom portion must be returned to ADEQ. ↓

ADEQ Federal Tax #866004791

Annual Sampling Fee Invoice

Invoice # 65738

SULGER, TIM 2611 N CALLE SEIS HUACHUCA CITY AZ 85616	Owner Id #: 20769 Billing for Calendar Year: 2009 Due Date: 11/17/2008	MAP
--	--	-----

02120 - Sulger, Tim

ANNUAL SAMPLING FEE WORKSHEET

PD Plus interest
3/4/09
298.08
✓ 1013

Base Fee (all MAP systems)	\$ 250.00
Fee per Connection in 2009 17 connections X \$ 2.57	\$ 43.69
Total Sampling Fee	\$ 293.69
Plus Paid Interest Charges and/or Other Adjustments	\$ 0.00
Plus Unpaid Interest Charges as of 10/01/2008	\$ 0.00
Minus Payments Received and/or Other Adjustments	\$ 0.00
Amount Due	\$ 293.69
Amount received by ADEQ (Make check payable to State of Arizona)	\$



A \$12 fee will be charged for any check not honored by the bank.

Do not write below this line

Make your check or money order payable to **State of Arizona**
THIS FORM MUST ACCOMPANY YOUR REMITTANCE.

Mail to: Arizona Department of Environmental Quality
PO Box 18228
Phoenix, AZ 85005

Check Number:
Received:
Postmarked:
Entered:

CS3 10/01/2008
WM300Go

NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT

Instructions:

Please provide the reasons for your requested rate adjustment by checking the appropriate box(es) below. If desired, the Company may also attach a written narrative regarding its reasons for the requested rate adjustment. Your narrative may also include efforts made by the utility to control costs/expenses and/or mitigate the amount of rate adjustment.



Changes in current, compared to past operations, that necessitate the rate adjustment

Please explain:

Please see attached sheets following p. 4



Descriptions and/or calculations of adjustments made to amounts that are included in this application that are different than amounts recorded in your books/ledgers (pro forma adjustments)

Please explain:

Follows page 4



Significant factors influencing your revenues, expenses and/or rate base

Please explain:

Follows p. 4



Anticipated growth/decline in customers expected in the next two years, the amount of anticipated construction to serve those customers, and how financed; the type of customers served by the utility, e.g. residential, irrigation, small retail businesses, large commercial, etc.

Please explain:

Follows p 4



Anticipated construction

Please explain:

Follows p 4



Efforts made to encourage conservation of water through the proposed rate design or through other means

Please explain:

Following Pages



Other factors

Please explain:

Following Pages

Attach additional pages as necessary.

Changes in current, compared to past operations.

The company's income is based on the tariff schedule approved in 1979. Its expenses have somehow managed to keep up with real time. Even if operations were unchanged a substantial rate increase is necessitated based simply on inflation.

Operations have changed however. In the past there were far fewer customers, less equipment, less electrical usage and far less maintenance and repair needed. After all, several major components of the system are over 40 years old.

In the past the Sulger family, owners and or principles of the Sulger Water Co. #2 were developing and selling land in the area. This allowed ready access to backhoes, ditching machines, mud pumps, spare parts and even cheap to free labor. The bookkeeping, billing and statutory requirements were incorporated into the duties of the real estate office. The family is no longer developing or selling land but have continued to support Sulger Water Company #2 with donated use of equipment, tools, loans of parts, gifts of money, labor and knowledge of water systems in general and this one in particular. However they cannot afford to continue this generosity.

The bookkeepig and billing services are estimated to cost between 95-125 dollars per month. Equipment rental for a backhoe can be 400 dollars a day with delivery and pick-up. Our maintinance personnel need training and we have very few spare parts on hand. Management also needs training. Fuel expenses for meetings, site inspection and general purpoes must be considered.

Past operations were far simpler and less expensive than current. A rate increase is necessary to maintain an addequate water utility. A substantial rate increase applied judiciously can make Sulger Water Co. #2 a good water utility company.

Pro forma adjustments

There is a dire need for bookkeeping services. Costs are expected to average 95-125 dollars per month. Annual reports and tax preparation will be additional. The current customer invoice statements will need updated programming. As well as the new tariff schedule.

Both well heads need flow meters - this will allow an accurate total water pumped vs total water delivered ratio and aid in water and electric conservation. Check valves and pressure gauges are also needed. Estimated cost is \$2,300 for each well.

The large storage tank, booster pump and air compressor need to be installed - other construction needs includes new fencing, gates and bi-lingual signage at both well sites. A back up booster pump is also needed.

Fuel and transportation expenses for management to visit the site at least quarterly are also needed. Meetings, safety briefings and updates can be held at this time.

Money is needed for training maintenance staff and management. Especially in the operations and maintenance of the system.

An emergency fund needs to be established for um-emergencies.

The cost of needed construction, repairs and updates to the system along with the necessary engineering services are substantial. It may be necessary to secure available financing to implement these changes. The cost to maintain this debt must also be considered.

Factors influencing revenues/expenses

There is a substantial amount of expense\$ expected to update and improve the system. Due to the age of some of the equipment and distrubition lines maintenance expenses will continue to increase.

Population growth slowed in the area but is expected to resume in the coming years. The system must be improved to maintain even its current level of service. Further growth in the area will increase revenue only if the utility is viable enough and in good enough condition to service those customers.

Anticipated Growth / Decline

The area served by Sulger Water Company #2 has a large retiree population. The area is experiencing new growth even in these difficult times. This is due in part to a greater number of people reaching retirement age and settling down in our wonderful climate. There is also a large military presence in the area. Growth is expected to increase in the next two years. There are several areas adjacent to that served by Sulger Water Co. #2 that are planning and developing sub-divisions. Our customer base is primarily residential we have few small commercial customers as well.

We are applying for WIFA funds/loans to aid in the construction and improvements needed to maintain a safe reliable water supply and to be able to grow as the opportunity may present.

Anticipated Construction -

Based on the ADEQ evaluation there are substantial construction improvement costs anticipated. The narrative report is attached to this rate application.

In addition to these recommendations any growth of the system will come with it's own associated costs for construction.

Efforts to encourage water conservation

The three tier rate will aid in conservation - use of greater amounts of water costs more per unit volume. This will encourage repair of leaks and prevention of water wasting.

Future invoices will include tips on water conservation - including rainwater harvesting articles, xeriscape ideas and available water conservation devices including low flow shower heads and low water usage toilets.

The ability to expand to serve future customers will enable them to have a safe, reliable source of water rather than to drill another well.

**SULGER WATER COMPANY #2
ADEQ SYSTEM EVALUATION
WATER SYSTEM ASSESSMENT NARRATIVE REPORT**

Under the Capacity Development Program established by the Arizona Department of Environmental Quality (ADEQ), a site visit was conducted by Narasimhan Consulting Services, Inc. (NCS) on March 12, 2009 to perform the overall water system evaluation of the Sulger Water Company #2 (SWC2). This evaluation includes a review of financial, technical, operational, regulatory, security and management issues, and a review of the physical infrastructure. The standard ADEQ checklist and review forms were completed and are attached with this report. This evaluation also identifies existing and future water system needs and summarizes the key findings of this assessment.

Site Visited On: March 12, 2009

NCS Representative: Ramesh Narasimhan, Ashish Agrawal

Water System Representative: Tim Sulger

Water System Operator: Charles Sumner (Certification # 04760, Grade 2D, 2T, 3C, 2W)

Existing Facilities

SWC2 is located north of Sierra Vista near the junction of Arizona Routes 82 and 90 in southeast Cochise County, Arizona. It is classified as a Community Water System. The Public Water System ID is 04-02-120. SWC2 serves a population of 49 with 19 service connections. The system is under the jurisdiction of the Arizona Corporation Commission. The service area is Section 6, Township 20 South, Range 20 East G&SRB&M.

The system contains two wells, one 4,500 gallon steel storage tank (not connected), and a 5,000 gallon pressure tank. The distribution system contains approximately 2.5 miles of 2-inch and 4-inch lines in a rural area. There are two points of entry (POE) to the distribution system and the overall system pressure is between 50 to 55 psi.

Well 1, ADWR well registration number 55-809117, is presently disconnected from the distribution system while undergoing a rehabilitation. The 2007 Static Water Level (SWL) was estimated at 168 feet below grade surface (bgs). It is equipped with a 5 horsepower (hp), 35 gallons per minute (gpm) submersible pump. The pump is set at 240 feet bgs.

Well 2, ADWR registration number 55-809118, serves the distribution system at this time. It is equipped with a 10 hp, 75 gpm submersible pump. There is a single booster pump, chlorination facilities, a 5,000 gallon hydropneumatic tank and a 4,500 gallon storage tank on site. The air compressor is not attached to the pressure tank.

A sanitary survey of this system was conducted on February 8, 2007 and no deficiencies were found. There are no maximum contaminant level (MCL) violations.

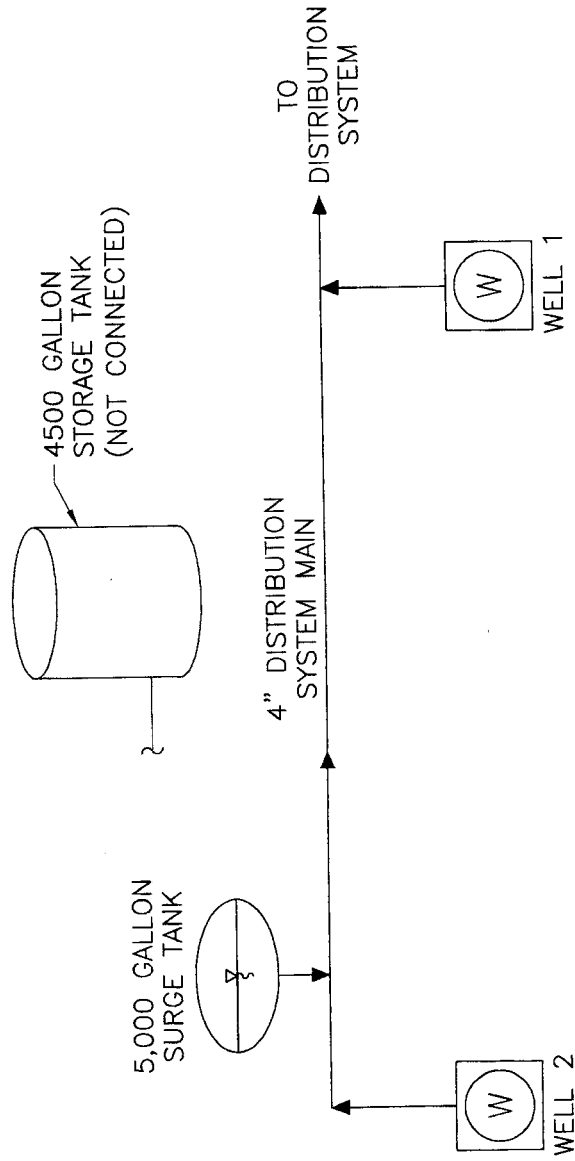


FIGURE 1

SULGER WATER COMPANY 2 WATER SYSTEM SCHEMATIC

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY WATER SYSTEM EVALUATIONS

Narasimhan Consulting Services, Inc.

Future Needs

Based on this system assessment, the following improvements are recommended:

- There are two wells connected to the system. Each well should be equipped with a flow meter and check valve. It is recommended that a pressure gauge be connected to the wellhead piping.
- An air compressor should be installed on the pressure tank.
- Well #2 should be equipped with a new fence, entrance gate and informational signage.
- Well #1 should be equipped with a new fence, entrance gate and informational signage. Land and easement issues should be resolved.
- The storage tank and booster pump at Well 2 should be relocated to the Well 1 site. A backup booster pump should be installed at this time.
- The interior of the hydroneumatic tank should be painted with an National Science Foundation approved coating.
- Develop a Preliminary Engineering Report (PER) using a Water Infrastructure and Finance Authority (WIFA) technical assistance grant. This PER can subsequently be used for local grant funding.

These improvements are estimated to cost \$110,000 plus engineering fees.

Capacity Development Assessment

Based on the site visits, interviews and review of documents, the Sulger Water Company #2 water system marginally meets water capacity development criteria for financial, technical, operational and management. The standard ADEQ checklists and forms are attached to this report. Including above future needs, the system needs also include financial, safety, and water system operations and management training. These training activities can potentially be sponsored by the ADEQ Capacity Development Program.

Other Factors -

Sulger Water Co. #2 has been on the same tariff schedule since it began selling water. The Sulger family has subsidized the utility from the beginning in one way or another. This is no longer possible. Sulger Water Co. #2 is barely maintaining an adequate service rating and money is needed to improve the utilities most basic infrastructure.

Ongoing training of staff and management in water system operations, statutory requirements, financial and business record keeping, water system safety, equipment maintenance and operations and customer service/relations is needed.

Bookkeeping services are desperately needed.

A back-up for emergency fund for major system component failure needs to be established.

The company should be expected to make a reasonable profit after paying reasonable expenses.

There should be money to pay reasonable part-time salary for management services, operations, maintenance, and bookkeeping services. There should be money for outside services as needed.

There must be money to meet the statutory requirements of the ACC, ARS, ADEQ, IRS, MAPS, property taxes and others.

First and foremost there must be enough money to provide a safe, reliable and dependable supply of water to our community.

This rate increase is absolutely necessary to continue operations at current levels let alone to implement any needed improvements.

COMPANY NAME: <i>Sulger Water #2</i>	Test Year Ended: <i>12/31/09</i>
Name of System: <i>Sulger Water Co #2</i>	ADEQ Public Water System Number: <i>02120</i>

AFFILIATE RELATIONSHIP

Please indicate a yes or no answer to the questions below and provide an explanation where necessary.

A parent-subsidary relationship, or affiliation, with another entity includes Corporations, Partnerships, Sole Proprietorship, Limited Liability Companies (LLCs), as well as common ownership of a water company and another entity, such as a development company or wastewater company.

Are any assets owned jointly with any affiliated or subsidiary entities?

☐ YES ☒ NO

If Yes, please provide a description of each jointly owned asset, it's cost, and the percentage of the asset owned by the utility. (Please note the amounts reported on pages 12 and 15 should only include the percentage of plant owned by the utility.)

Were any of the assets constructed or acquired from an affiliated or subsidiary entity?

☐ YES ☒ NO

If Yes, please identify the affiliated entity, the relationship with the utility, and a detailed listing of all transactions reflected in the Plant accounts. Also include detail for other balance sheet accounts, such as Advances, Contributions in Aid of Construction, inter-company payables and receivables, as well as affiliated revenues and expenses from the Company's Income Statement.

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Sulger Water Company #2 (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending 12/31/09 (mm/dd/yy). The Company had total operating revenues of \$ 7,863, served 18 metered and 0 un-metered customers, and sold 1,020,670 gallons of water during the Test Year.

The Company is requesting a(n) increase decrease in revenues in the amount of \$ _____.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ _____.

The Company is current on all property taxes. ☒ YES ☐ NO

The Company is current on all sales taxes. ☒ YES ☐ NO

The Company currently has a Curtailment Plan Tariff on file with the Commission ☒ YES ☐ NO

The Company currently has a Backflow Prevention Tariff on file with the Commission. ☐ YES ☒ NO

The Company notified its customers of its application for a rate adjustment on _____ (mm/dd/yy). **A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 32)**

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

The utility company ownership is one of the following:

- ☐ Sole Proprietorship
- ☐ Partnership
- ☒ "C" Corporation
- ☐ "S" Corporation
- ☐ Limited Liability Company ("LLC")
- ☐ Association--Cooperative
- ☐ Other, please specify: _____

Note: If a corporation, please list stockholders and the respective number of shares owned below.

Stockholders	Number of Shares Owned
 	

I have read and completed this application, and to the best of my knowledge all of the information contained herein, and attached to this application, is true and correct.

Name of Authorized Representative (print): <i>Valerie Betts</i>	Company Name: <i>Sulger Water Co. #2</i>
Title: <i>President</i>	Address: <i>1380 W. Caroline Ln</i>
Signature: <i>Valerie Betts</i>	City/ST/Zip: <i>Tempe AZ 85284</i>
Date: <i>4/29/10</i>	Phone Number: <i>(480) 893-6726</i>
E-mail Address: <i>SulgerWater2@gmail.com</i> <i>SulgerWater2@gmail.com</i>	Fax Number:
Website Address:	

CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS

Complete the schedules on pages 8 and 10 showing rates and charges currently in effect, and those proposed by the Company. Specify the customer class or classes (i.e., residential, commercial, industrial, irrigation, all, or other classes) in the space provided.

MONTHLY CHARGE:

Enter the monthly minimum (or service) charge and gallons included in the minimum for each meter size. For example, enter "\$12.00 for zero gallons." Propose a monthly minimum (or service) charge for every meter size listed on page 9. Also, enter the commodity (or excess) charge for the gallonage the customer will be charged for gallons used over those included in the minimum charge. For example, enter "\$1.25 per 1,000 gallons." If excess charges vary with gallonage used, enter the rates and gallons covered in each tier of consumption in the space provided. For example:

First Tier	Up to 3,000 gallons	\$1.00 per 1,000 gallons
Second Tier	3,001 to 10,000 gallons	\$1.50 per 1,000 gallons
Third Tier	Over 10,000 gallons	\$2.50 per 1,000 gallons

If a flat rate, rather than a metered rate, is currently approved or proposed, enter the monthly rate in the space provided. A "flat rate" is a charge that is not based on gallons used. (For example, \$10.00 for all the water you can use.) If the Company currently has a flat rate and wishes to continue this rate, please contact Staff at (602) 542-4251. It is likely that Staff will **not** recommend the continuation of such a rate.

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>08120</u>

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS: ☒ Residential ☒ Commercial ☐ Industrial
☐ Irrigation ☐ All ☐ Other, specify _____

	CURRENT RATES	PROPOSED RATES
MINIMUM OR SERVICE CHARGES	\$ <u>31</u> GALLONS	\$ <u>31</u> GALLONS
5/8" x 3/4" Meter	<u>31</u> for	<u>31</u> for
3/4" Meter	<u>31</u> for	<u>31</u> for
1" Meter	<u>31</u> for	<u>31</u> for
1-1/2" Meter	<u>42</u> for	<u>42</u> for
2" Meter	<u>60</u> for	<u>60</u> for
3" Meter	<u>65</u> for	<u>65</u> for
4" Meter	<u>70</u> for	<u>70</u> for
6" Meter	<u>N/A</u> for	<u>N/A</u> for

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier <u>2⁰⁰/₁₀₀</u>
Second Tier <u>2⁷⁵/₁₀₀</u>
Third Tier <u>3⁹⁰/₁₀₀</u>
FLAT RATE

Current Rates		Proposed Rates	
Rate	Gallons	Rate	Gallons
\$ <u>2⁰⁰/₁₀₀</u>	Up to <u>5,000</u>	\$ <u>2⁰⁰/₁₀₀</u>	Up to <u>5,000</u>
\$ <u>2⁷⁵/₁₀₀</u>	<u>5,001</u> to <u>10,000</u>	\$ <u>2⁷⁵/₁₀₀</u>	<u>5,001</u> to <u>10,000</u>
\$ <u>3⁹⁰/₁₀₀</u>	Over <u>10,001</u>	\$ <u>3⁹⁰/₁₀₀</u>	Over <u>10,001</u>
\$ <u>N/A</u>	Per Month	\$ <u>N/A</u>	Per Month

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

SERVICE CHARGES INSTRUCTIONS

Listed below are current and proposed service charges as appropriate. Commission Rules should be consulted in proposing new service charges. Please list current and proposed rates on Page 10, as well as any service charges not listed below that the Company proposes to charge.

Service Charge (Commission Rule)	Description
Service Line and Meter Installation Charge (R14-2-405.B)	A refundable Advance in Aid of Construction paid by a new customer to cover the cost of installing all customer piping up to the meter, as well as the cost of installing the meter. Propose a charge for every meter size listed on page 10.
Establishment (R14-2-403.D.1)	A charge covering the cost to establish a new account for a person requesting service when the utility needs only to install a meter for initial establishment, reestablishment, or reconnection.
Establishment (After Hours) (R14-2-403.D.2)	A charge covering the cost to establish a new account for a person requesting service during a period other than regular working hours.
Meter Test (R14-2-408.F)	A charge for testing the accuracy of a meter upon a customer's request. No charge will be levied if the meter is found to be in error by more than +/- three (3) percent.
Deposit (R14-2-403.B)	A refundable security deposit not exceeding two times the average residential class bill for residential customers, and not exceeding two and one-half times a non-residential customer's estimated maximum monthly bill.
Deposit Interest (R14-2-403.B.3)	Annual percentage interest rate applied to customer deposits. A six percent rate shall be applied if the company does not specify an interest rate with the Commission.
Re-establishment (R14-2-403.D.1)	A charge for service at the same location where the same customer had ordered a service disconnection within the preceding twelve-month period.
NSF Check (R14-2-409.F.1)	A fee for each instance where a customer tenders payment for utility service with an insufficient funds check.
Deferred Payment (R14-2-409.G.6)	Applicable monthly finance charges (interest rate) applied in a deferred payment agreement between the company and a customer.
Meter Re-read (R14-2-408.C.2)	Charge for a customer requested re-read of meter applicable when the original reading was found not to be in error.

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co</u>	ADEQ Public Water System Number: <u>02120</u>

CURRENT AND PROPOSED SERVICE CHARGES

CUSTOMER CLASS: ☒ Residential ☒ Commercial ☐ Industrial
☐ Irrigation ☐ All ☐ Other, specify _____

SERVICE LINE AND METER INSTALLATION CHARGES	CURRENT CHARGES	PROPOSED CHARGES
5/8" X 3/4" Meter	\$ 100	\$ 300
3/4" Meter	\$ 120	\$ 330
1" Meter	\$ 160	\$ 380
1-1/2" Meter	\$ 300	\$ 520
2" Meter	\$ 400	\$ 660
3" Meter	\$ N/A	\$ 890
4" Meter	\$ N/A	\$ 1,160
6" Meter	\$ N/A	\$ N/A

Establishment	\$ 15	\$ 40
Establishment (after hours)	\$ N/A	\$ 50
Reconnection (delinquent)	\$ 25	\$ 50
Reconnection (delinquent) after hours	\$ N/A	\$ 70
Meter Test	\$ N/A	\$ 110
Deposit	\$ 60	\$ 75 ^{2x amount of last bill} _{minimum}
Deposit Interest	N/A %	None %
Re-establishment (within 12 months)	\$ 25	\$ 40
NSF Check	\$ N/A	\$ 45 _{plus bank fees}
Deferred Payment	N/A %	10 %
Meter Re-read	\$ 25	\$ 25
Late Fee	\$ N/A	\$ 30

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

UTILITY PLANT IN SERVICE INSTRUCTIONS

Instructions for Page 12

Begin the computation of utility plant in service by completing the worksheet on page 12 labeled Plant Additions and Retirements by Year. On this worksheet insert the dollar amount of plant additions and retirements for each account by year. Provide all additions and retirements for all years beginning with the Test Year in the prior rate case and ending with the test year used in this application. If there are more than two intervening years, make copies of page 12 to report all intervening years.

Instructions for Page 144

Upon completion of the above task, please add all additions on page 12 per plant account and enter the total on page 12 (Plant Summary), column B (Total Additions). Similarly, add all retirements by plant account and enter the total on page 144 column C (Total Retirements).

To assist you in the completion of page 14, please refer to the Commission Decision issued in the Company's prior rate case. That Decision established the value for the Original Cost of the plant and accumulated depreciation at the end of the prior test year. It may be necessary to refer to the associated Staff Report for individual account detail relating to the totals listed in the Decision.

Place the original cost of the plant in service per the prior decision in column A (Plant in Service per Prior Decision).

Complete column D (Test Year End Total), of page 14, for each plant account by adding column A and B and subtracting column C.

The totals calculated by plant must then be copied to page 15 (Utility Plant in Service), in the column titled Original Cost.

Instructions for Page 15

The Test Year End Totals by plant account on page 14 must be recorded to the Utility Plant in Service worksheet on page 15, in the column titled Original Cost. The second column (Accumulated Depreciation) will include the accumulated depreciation as stated in the Commission's prior Decision plus each year's depreciation expense since the prior Test Year. The third column, Original Cost Less Depreciation is calculated by subtracting Accumulated Depreciation from Original Cost for each account.

Note: For assistance with any of the above, please contact the Staff at 602-542-4251.

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co #2</u> ADEQ Public Water System Number: <u>02120</u>	

Plant Additions and Retirements by Year

Acct. No.	Description	Year <u>1979</u>		Year <u>1997</u>	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights	5,000 ⁰⁰			
304	Structures & Improvements				
307	Wells & Springs	20,000 ⁰⁰			
311	Pumping Equipment				
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks			25,000 ⁰⁰	
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains			65,548 ⁰⁰	
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT	25,000 ⁰⁰		90,548 ⁰⁰	

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>02120</u>

Plant Additions and Retirements by Year

Acct. No.	Description	Year <u>1998</u>		Year <u>2000</u>	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment	<u>10,182⁰⁰</u>			
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations			<u>405⁰⁰</u>	
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT	<u>10,182⁰⁰</u>		<u>405⁰⁰</u>	

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

COMPANY NAME: Sulger Water Co #2

Test Year Ended: 12/31/09

Name of System: Sulger Water Co #2

ADEQ Public Water System Number: 02120

Plant Additions and Retirements by Year

Acct. No.	Description	Year 2004		Year 2005	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements			991 00/	
307	Wells & Springs				
311	Pumping Equipment				
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations			100 00/	
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment	15,054 00/			
343	Tools, Shop & Garage Equip.			4,198 00/	
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT	15,054 00/		5,199 00/	

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>02120</u>

Plant Additions and Retirements by Year

Acct. No.	Description	Year <u>2006</u>		Year <u>2007</u>	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements	685 ⁰⁰		1,200 ⁻	
307	Wells & Springs			2,421 ⁰⁰	
311	Pumping Equipment	3,788 ⁰⁰	10,182 ⁻	486 ⁰⁰	
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders			490 ⁰⁰	
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks			12,914 ⁰⁰	
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains	746 ⁰⁰			
333	Services				
334	Meters & Meter Installations			1,802 ⁰⁰	
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.	496 ⁰⁰		1,512 ⁰⁰	
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT	5,715 ⁰⁰	10,182	20,825	

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>02120</u>

Plant Additions and Retirements by Year

Acct. No.	Description	Year <u>2008</u>		Year <u>2009</u>	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment			596 ⁰⁰	
320	Water Treatment Equipment				
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes				
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains	1,750 ⁰⁰			
333	Services				
334	Meters & Meter Installations	127 ⁰⁰			
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment			365	
340.1	Computers & Software	400			
341	Transportation Equipment				15,054 ⁵
343	Tools, Shop & Garage Equip.	528 ⁵			
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT	2,805		961	15,054

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

COMPANY NAME: Sulger Water Co #2

Test Year Ended: 12/31/09

Name of System: Sulger Water Co #2

ADEQ Public Water System Number: 02120

Plant Summary

Acct. No.	Description	Plant in Service Per Prior Decision Column A	Total Additions Column B	Total Retirements Column C	Test Year End Total Column D*
301	Organization		0		0
302	Franchises		0		0
303	Land & Land Rights 5k		5,000		5,000
304	Structures & Improvements		2,876		2,876
307	Wells & Springs 20k		22,421		22,421
311	Pumping Equipment		15,052	10,182	4,870
320	Water Treatment Equipment		0		0
320.1	Water Treatment Plants		0		0
320.2	Solution Chemical Feeders		490		490
330	Distribution Reservoirs & Standpipes		0		0
330.1	Storage Tanks		37,914		37,914
330.2	Pressure Tanks		0		0
331	Transmission & Distrib. Mains		68,044		68,044
333	Services		0		0
334	Meters & Meter Installations		2,434		2,434
335	Hydrants		0		0
336	Backflow Prevention Devices		0		0
339	Other Plant & Misc. Equipment		0		0
340	Office Furniture & Equipment		365		365
340.1	Computers & Software		400		400
341	Transportation Equipment		15,054	15,054	0
343	Tools, Shop & Garage Equip.		6,644		6,644
344	Laboratory Equipment		0		0
345	Power Operated Equipment		0		0
346	Communication Equipment		0		0
347	Miscellaneous Equipment		0		0
348	Other Tangible Plant		0		0
	TOTAL WATER PLANT		176,694	25,236	151,458

Note: Please refer to the checklist on page 1 for the required attachments related to this schedule

* Column D = Column A + Column B - Column C

COMPANY NAME: Sulger Water Co #2Test Year Ended: 3/31/09Name of System: Sulger Water Co #2ADEQ Public Water System Number: 02120

UTILITY PLANT IN SERVICE

Acct No.	Description	Original Cost	Accumulated Depreciation	OCLD
		Column A	Column B	Column C**
301	Organization	0	—	0
302	Franchises	0	—	0
303	Land & Land Rights	5000	N/A	5000
304	Structures & Improvements	2,876	96	2,780
307	Wells & Springs	22,421	20081	2340
311	Pumping Equipment	4870	2539	2331
320	Water Treatment Equipment	0	—	0
320.1	Water Treatment Plants	0	—	0
320.2	Solution Chemical Feeders	490	196	294
330	Distribution Reservoirs & Standpipes	0	—	0
330.1	Storage Tanks	37,914	7160	30,754
330.2	Pressure Tanks	0	—	0
331	Transmission & Distrib. Mains	68,044	3454	64,590
333	Services	0	—	0
334	Meters & Meter Installations	2,434	2,264	170
335	Hydrants	0	—	0
336	Backflow Prevention Devices	0	—	0
339	Other Plant & Misc. Equipment	0	—	0
340	Office Furniture & Equipment	365	24	341
340.1	Computers & Software	700	80	320
341	Transportation Equipment	0	—	0
343	Tools, Shop & Garage Equip.	6644	2418	4226
344	Laboratory Equipment	0	—	0
345	Power Operated Equipment	0	—	0
346	Communication Equipment	0	—	0
347	Miscellaneous Equipment	0	—	0
348	Other Tangible Plant	0	—	0
	TOTAL WATER PLANT	*151,458	*38,312	113,146

* Must be the same as the amount reported on page 20

**Column C = Column A - Column B

COMPANY NAME:	Test Year Ended:
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
12-8-811	5	35	300	6	N/A	1979
	10	75	320	6	N/A	1979

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1	NONE	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
12,000	1	5,000	1

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>02120</u>

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Sch 40 PVC	1,250'
3	Sch 40 PVC	650'
4	Sch 40 PVC	7,444'
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	17
3/4	0
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

Shed 8' x 8'

OTHER: ?

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>02120</u>

WATER USE DATA SHEET BY MONTH FOR TEST YEAR

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	17	66	pressure tank and meter non operational	N/A
FEBRUARY	17	68		
MARCH	17	74		
APRIL	17	100		
MAY	17	94		
JUNE	18	96		
JULY	18	97		
AUGUST	17	104		
SEPTEMBER	17	87		
OCTOBER	18	87		
NOVEMBER	18	81		
DECEMBER	18	72		
TOTALS →		1026	**	

What is the level of arsenic for each well on your system? .01 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes (X) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system. For explanation of any of the above, please contact Engineering at 602-542-7277.

* This number must be equal to the number entered on Page 6, "sold gallons."

** Gallons pumped cannot equal or be less than the gallons sold

COMPANY NAME: Sulger Water Co #2Test Year Ended: 12/31/09Name of System: Sulger Water Co #2 ADEQ Public Water System Number: 02120

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Revenue	\$ 2839	\$ 7864
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	0	0
	TOTAL OPERATING REVENUES	\$ 2839	\$ 7864 *
	OPERATING EXPENSES		
601	Salaries and Wages (See page 1, item 4)	\$ 0	\$ 1721
610	Purchased Water (See page 1, item 5)	0	0
615	Purchased Power (See page 1, item 6)	1089	1078
618	Chemicals		
620	Repairs and Maintenance (See page 1, item 7)	1452	823
621	Office Supplies and Expense	265	1651
630	Outside Services (See page 1, item 8)	5731	690
635	Water Testing (See page 1, item 9)	2867	2275
641	Rents		
650	Transportation Expenses	904	32
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case	0	718
675	Miscellaneous Expense		
403	Depreciation Expense (From page 20)	6115	5903
408	Taxes Other Than Income	0	480
408.11	Property Taxes (See page 1, item 10)	0	193
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 18423	\$ 15,564
	OPERATING INCOME/(LOSS)	\$ -15,584	\$ (-7,700)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ -15,584	\$ -7,700

Note: Do not include sales tax in revenue or expense. Please refer to the checklist on page 1 for the required attachments related to this schedule.

* This number must be identical to the number entered on page 5 "total operating revenues."

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>3/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	MADEQ Public Water System Number: <u>02120</u>

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 1018	\$ 3130
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$ 158164	\$ 162443 *
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant ("AD-UP")	-26046	(28412)**
121	Non-Utility Property	44,897	49614
122	Accumulated Depreciation – Non Utility ("AD-NU")	-3413	(4638)
	TOTAL FIXED ASSETS	\$	\$
	TOTAL ASSETS	\$ 173602	\$ 179007

Note: Total Assets on this page should equal the sum of Total Liabilities and Total Capital on page 22. Also, numbers in parentheses should be subtracted. For example, Accounts 108 and 122 should be subtracted from Total Fixed Assets.

** Must equal page 15, original cost*

*** Must equal page 15, accumulated depreciation*

*(Exie, these are from
from 09 Annual Report)*

COMPANY NAME: <i>Sulger Water Co #2</i>	Test Year Ended: <i>12/31/09</i>
Name of System: <i>Sulger Water Co #2</i>	ADEQ Public Water System Number: <i>02120</i>

CALCULATION OF DEPRECIATION EXPENSE

Acct. No..	Description	Original Cost	Depreciation Percentage	Depreciation Expense
		<i>Column A</i>	<i>Column B</i>	<i>Column C*</i>
301	Organization	0	—	—
302	Franchises	0	—	—
303	Land & Land Rights	5000	N/A	0
304	Structures & Improvements	2,876	3.33	95
307	Wells & Springs	22,421	3.33	740
311	Pumping Equipment	4870	12.5	609
320	Water Treatment Equipment	—	N/A	
320.1	Water Treatment Plants	—	N/A	
320.2	Solution Chemical Feeders	490	20.0	98
330	Distribution Reservoirs & Standpipes	—	—	
330.1	Storage Tanks	37,914	2.22	842
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains	68,044	2.00	1,361
333	Services		—	
334	Meters & Meter Installations	2,434	8.33	203
335	Hydrants		—	
336	Backflow Prevention Devices		—	
339	Other Plant & Misc. Equipment			
340	Office Furniture & Equipment	365	6.67	24
340.1	Computers & Software	400	20.0	80
341	Transportation Equipment		—	
343	Tools, Shop & Garage Equip.	6644	5.0	332
344	Laboratory Equipment		—	
345	Power Operated Equipment		—	
346	Communication Equipment		—	
347	Miscellaneous Equipment		—	
348	Other Tangible Plant		—	
	TOTAL WATER PLANT	151,458		4384

in column 2.

* $Column\ C = Column\ A \times Column\ B$

COMPANY NAME:

Test Year Ended:

Name of System:

ADEQ Public Water System Number:

BALANCE SHEET (CONTINUED)

	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)	750	800
234	Notes/Accounts Payable to Associated Companies	45	0
235	Customer Deposits		
236	Accrued Taxes	548	672
237	Accrued Interest	29	240
241	Miscellaneous Current and Accrued Liabilities	808	480
	TOTAL CURRENT LIABILITIES	\$ 2180	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 120,322	\$ 120,322
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		\$ *
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction		\$ **
272	Less: Amortization of Contributions		(\$)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 122,502	\$ 122,514
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	51,100	56,493
	TOTAL CAPITAL	\$ 51,100	\$ 56,493
	TOTAL LIABILITIES AND CAPITAL	\$ 136,602	\$ 136,602

Note: Account 272 should be subtracted from Total Deferred Credits.

* Must equal page 24, Total Advances in Aid of Construction

** Must equal page 25, Total Contributions in Aid of Construction

Excl. from 09 AR

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>02120</u>

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt¹

	LOAN #1*	LOAN #2*	LOAN #3*	LOAN #4*
Date Issued	<u>10/01/99</u>	<u>08/01/00</u>	<u>06/01/04</u>	
Source of Loan	<u>OWNER</u>	<u>OWNER</u>	<u>OWNER</u>	
Reason for Loan	<u>Construction + Equip</u>			
Dollar Amount Issued	<u>\$ 10,076</u>	<u>\$ 78,894</u>	<u>\$ 15,054</u>	<u>\$</u>
Net Proceeds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Amount Outstanding	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Date of Maturity	<u>12/31/01</u>	<u>12/31/05</u>	<u>06/01/07</u>	
Interest Rate				
Current Year Interest	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$</u>
Current Year Principal	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Authority Granted By ACC Decision No.	<u>10,076</u>	<u>78,894</u>	<u>15,054</u>	

A.R.S. 40-301 requires ACC approval of long-term debt. If the Commission has not approved any of the above loans, then please submit an application requesting approval of the above loans.

Meter Deposit Balance – Test Year

\$ 45

Meter Deposits Refunded During the Test Year

\$ 0

Why are these still carried?

¹ List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed.

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>3/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>02120</u>

ADVANCES IN AID OF CONSTRUCTION (Acct. 252)²

	Additions During Year	Refunds During Year	
Balance Per Prior Decision	N/A	N/A	\$ <u>0</u>
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Year	\$ "	\$ "	
Total of Additions	\$ "	N/A	
Total of Refunds	N/A	\$ "	
Total Advances in Aid of Construction	N/A	N/A	\$ <u>0/A</u> *

Note: Prior Decision refers to the balances per the prior Staff Report as adjusted per the final Commission Decision.

** Total Advances in Aid of Construction = Balance Per Prior Decision + Total Additions - Total Refunds (cross reference this to the Balance Sheet on page 22)*

² *Advances in Aid of Construction refers to the following:*

- (1) *Refundable amounts received from a new customer to cover the cost of a meter and piping from the building to the meter and the associated installation.*
- (2) *Refundable amounts received from a customer or a developer for mains, valves, fittings, and additional facilities required to provide pressure, storage, or water supply pursuant to a main extension agreement.*

COMPANY NAME: <u>Sulger Water Co #2</u>	Test Year Ended: <u>3/31/09</u>
Name of System: <u>Sulger Water Co #2</u>	ADEQ Public Water System Number: <u>02120</u>

GROSS CONTRIBUTIONS IN AID OF CONSTRUCTION (Acct. 271)³

Balance Per Prior Decision	N/A	\$ <u>0</u>
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Additions Year	\$ "	
Total Additions	N/A	\$ "
Balance at Test Year End	N/A	\$ " *

Note: Prior Decision refers to the balances per the prior Staff Report as adjusted per the final Commission Decision.

** Balance at Test Year End = Balance Per Prior Decision + Total Additions (cross reference this to the Balance Sheet on page 22)*

³ Contributions in Aid of Construction refers to the following:

- (1) Non-refundable money, services, or property received for use in the provision of utility service from any source that is provided at no cost and interest free.
- (2) Unrefunded balances of expired advance contracts reclassified from Advances in Aid of Construction.

BILL COUNT INSTRUCTIONS

A quarterly Bill Count must be provided for each of the meter sizes the Company had in service during the Test Year. If you had more than one meter size in service, reproduce the forms on pages 27 through 31, inclusive, so that you will submit one set of Bill Count forms (i.e. one Bill Count for each quarter and a Bill Count Summary), for each meter size. An item such as a metered standpipe would be considered to be a different size meter, since it may have a different tariff rate than the other size meters.

A Bill Count Summary sheet is provided on page 31. Please note that each bill over 100,000 gallons should be shown separately. The number of bills in each line will be added to produce a total of all bills at the bottom of the page.

The first step in producing the Bill Count is to collect all monthly bills rendered for metered water sales during the 12 months of the Test Year. The collection of bills must include bills to part-time customers and to customers who are no longer on the system, but who were on the system for any part of the Test Year.

Only include bills for water sold during the Test Year. For example, assume that the Test Year runs from January 1st to December 31st (calendar year) and you normally bill on January 5th. The bill sent out at that time would cover December 1st through 31st usage of the prior year and should not be included. The first billing to be used for the year would be the February 5th billing and the last billing to be used would be the billing of January 5th of the succeeding year.

Sort the bills by each quarter, by meter size, so that a separate bill count is produced for each three-month period by meter size. On each quarterly Bill Count sheet, place a tally for each bill in the appropriate gallonage range. After tallying each bill, add the tallies in each gallonage range and report the tally totals in the column provided.

Note: For explanation of any of the above, please contact the Staff at 602-542-4251.

Company Name: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Meter Size: <u>5/8"</u>	1 st Quarter Ended: <u>3/31/09</u>

BILL COUNT WORKSHEET 1ST QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 1 ST QUARTER
- 0 -	///	3
1 to 1,000		0
1,001 to 2,000	/// /// //	12
2,001 to 3,000	/// ///	9
3,001 to 4,000	/// ///	9
4,001 to 5,000	///	5
5,001 to 6,000	//	2
6,001 to 7,000	/	1
7,001 to 8,000	/	1
8,001 to 9,000	///	3
9,001 to 10,000	///	3
10,001 to 12,000	///	3
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		51

Company Name: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Meter Size: <u>5/8"</u>	2 nd Quarter Ended: <u>6/30/09</u>

BILL COUNT WORKSHEET 2ND QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 2 nd QUARTER
- 0 -		4
1 to 1,000		3
1,001 to 2,000		2
2,001 to 3,000	 	7
3,001 to 4,000		4
4,001 to 5,000	 	15
5,001 to 6,000		2
6,001 to 7,000		2
7,001 to 8,000		2
8,001 to 9,000		
9,001 to 10,000		1
10,001 to 12,000		3
12,001 to 14,000		2
14,001 to 16,000		1
16,001 to 18,000		1
18,001 to 20,000		1
20,001 to 25,000		1
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		51

Company Name: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Meter Size: <u>1"</u>	2 nd Quarter Ended: <u>6/30/09</u>

BILL COUNT WORKSHEET 2ND QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 2 nd QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000	1	1
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		1

Company Name: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Meter Size: <u>5/8"</u>	3 rd Quarter Ended: <u>9/30/09</u>

BILL COUNT WORKSHEET 3RD QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 3 rd QUARTER
- 0 -	II	2
1 to 1,000	III	3
1,001 to 2,000	IIII	4
2,001 to 3,000	IIII IIII IIII	14
3,001 to 4,000	II	2
4,001 to 5,000	IIII	5
5,001 to 6,000	IIII	4
6,001 to 7,000	IIII	4
7,001 to 8,000	I	1
8,001 to 9,000		
9,001 to 10,000	II	2
10,001 to 12,000		
12,001 to 14,000	II	2
14,001 to 16,000	I	1
16,001 to 18,000	III	3
18,001 to 20,000	I	1
20,001 to 25,000	I	1
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		49

Company Name: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Meter Size: <u>1"</u>	3 rd Quarter Ended: <u>9/30/09</u>

BILL COUNT WORKSHEET 3RD QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 3 rd QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000	1	
3,001 to 4,000		1
4,001 to 5,000		
5,001 to 6,000	11	
6,001 to 7,000		2
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		3

Company Name: <u>Sulger Water Co #2</u>	Test Year Ended: <u>12/31/09</u>
Meter Size: <u>5/8"</u>	4 th Quarter Ended: <u>12/31/09</u>

BILL COUNT WORKSHEET 4TH QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 4 th QUARTER
- 0 -	///	3
1 to 1,000	////	4
1,001 to 2,000	/// ///	8
2,001 to 3,000	/// /// 1	11
3,001 to 4,000	///	5
4,001 to 5,000	///	5
5,001 to 6,000	///	3
6,001 to 7,000	///	3
7,001 to 8,000	///	2
8,001 to 9,000	///	2
9,001 to 10,000		
10,001 to 12,000	1	1
12,001 to 14,000	1	1
14,001 to 16,000	///	2
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000	1	1
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		51

Company Name: <i>Sulger Water Co #2</i>	Test Year Ended: <i>12/31/09</i>
Meter Size: <i>1"</i>	4 th Quarter Ended: <i>12/31/09</i>

BILL COUNT WORKSHEET 4TH QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 4 th QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000	<i>///</i>	<i>3</i>
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		<i>3</i>

Company Name: Sulger Water #2Test Year Ended: 12/31/09Meter Size: 5/8"

BILL COUNT SUMMARY

	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total
- 0 -	3	4	2	3	
1 to 1,000	0	3	3	4	
1,001 to 2,000	12	2	4	8	
2,001 to 3,000	9	7	14	11	
3,001 to 4,000	9	4	2	5	
4,001 to 5,000	5	15	5	5	
5,001 to 6,000	2	2	4	3	
6,001 to 7,000	1	2	4	3	
7,001 to 8,000	1	2	1	2	
8,001 to 9,000	3			2	
9,001 to 10,000	3	1	2		
10,001 to 12,000	3	3		1	
12,001 to 14,000		2	2	1	
14,001 to 16,000		1	1	2	
16,001 to 18,000		1	3		
18,001 to 20,000		1	1		
20,001 to 25,000		1	1	1	
25,001 to 30,000					
30,001 to 35,000					
35,001 to 40,000					
40,001 to 50,000					
50,001 to 60,000					
60,001 to 70,000					
70,001 to 80,000					
80,001 to 90,000					
90,001 to 100,000					
Over 100,000 (List actual gallons, e.g., 120,000)					
Total Bills	51	51	49	51	

Company Name: <u>Sulger Water Co # 2</u>	Test Year Ended: <u>12/31/09</u>
Meter Size: <u>1"</u>	

BILL COUNT SUMMARY

	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total
- 0 -					
1 to 1,000					
1,001 to 2,000		<u>1</u>	<u>3</u>	<u>3</u>	
2,001 to 3,000					
3,001 to 4,000					
4,001 to 5,000					
5,001 to 6,000					
6,001 to 7,000					
7,001 to 8,000					
8,001 to 9,000					
9,001 to 10,000					
10,001 to 12,000					
12,001 to 14,000					
14,001 to 16,000					
16,001 to 18,000					
18,001 to 20,000					
20,001 to 25,000					
25,001 to 30,000					
30,001 to 35,000					
35,001 to 40,000					
40,001 to 50,000					
50,001 to 60,000					
60,001 to 70,000					
70,001 to 80,000					
80,001 to 90,000					
90,001 to 100,000					
Over 100,000 (List actual gallons, e.g., 120,000)					
Total Bills		<u>1</u>	<u>3</u>	<u>3</u>	

CUSTOMER NOTIFICATION

Sulger Water Co #2 (Company Name) has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since _____ (mm/yy). A(n) increase/decrease in rates is necessary at this time due to _____ (reason for the Company's request for a rate adjustment as summarized from pages 2 and 4). Based on the Company's un-audited Test Year results, (Company Name) realized an operating income/loss of \$ _____. The Company is requesting a revenue increase/decrease of \$ _____ or _____ % of total revenues. Please see the attached pages 8 and 10 of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street or online at <http://edocket.azcc.gov/edocket/> and at *[name of Company and address]*. Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area. Customers may also contact the Tucson Commission office by calling 800-535-0148 (if located outside the Tucson local calling area) or 520-628-6555 in the Tucson local calling area.

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendations to the Commission.

Appendix: Water Compliance Affidavits

This cover letter is showing the notification letter that is to be sent to the customers of Sulger Water Co. #2 - showing the intent of obtaining a permanent rate increase. This letter was sent to the customers on this 5th day of May 2010. Notifications were sent by way of the United States Postal service. This notification letter is also posted at both well sites location, on the 5th day of May.

Valerie Betts

Valerie Betts

STATE OF ARIZONA
COUNTY OF MARICOPA

This instrument was acknowledged before me this 5th day of May, 20 10, by Valerie Betts
in witness whereof I herewith set my hand and official seal.
Beatrice R. Lugo NOTARY PUBLIC.



Customer Notification:

Sulger Water Co. #2 has applied to the Arizona Corporation Commission for an adjustment in water rates. The prior rates have been in effect since the year 1979. Current rates were temporarily granted to take effect September 2008 but not implemented until January 2009. An increase in rates is necessary at this time due to the operating expense being in excess of generated revenue. Based on the Company's un-audited Test Year results, Sulger Water Co. #2, realized an operating loss of \$12,488.08. The company is requesting a revenue increase of approximately 212% (the current billing amount) or the amount that the Arizona Corporation Commission sets for new rates for Sulger Water Co. #2 to remain solvent and service its customers.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 W. Washington St. or online at <http://edockett.azcc.gov/edocket/> and at Sulger Water Company #2, P.O. Box 5187, Huachuca City, AZ 85616 (postage will be required). Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns relating to the Company's Application including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's consumer Service Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area. Customers may also contact the Tucson Commission office by calling 520-628-6555 in the Tucson local calling area.

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office filed, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendations to the Commission.

Enclosed is a copy of the Tariff Schedule that Sulger Water Co. #2 is proposing for it's permanete rate increase.

The following three pages after the Tariff Schedule is a loan application with (WIFA) The Water Infrastruction Finance Authority of Arizona. This is a request from the Arizona Corporation Commission to grant Sulger Water Co. #2 the ability to participate in applying for loans for any and all needs for the utility operations, maintainence and expansion.

TARIFF SCHEDULE

Utility: Sulger Water Co. #2

Tariff sheet No: 1

Docket NO:

Decision NO:

Telephone:

Effective:

RATES & CHARGES

RESIDENTIAL - COMMERCIAL - INDUSTRIAL

Monthly Service Rate Per Meter:

	MINIMUM	GALLONS		MINIMUM	GALLONS
5/8 X 3/4"	\$31.00	ZERO	2"	\$60.00	ZERO
3/4"	\$31.00	ZERO	3"	\$65.00	ZERO
1"	\$31.00	ZERO	4"	\$70.00	ZERO
1-1/2"	\$42.00	ZERO			

FIRST TIER \$2.00 PER 1,000 GALLONS UP TO 5,000 GALLONS

SECOND TIER \$2.75 PER 1,000 GALLONS 5,001 UP TO 10,000 GALLONS

THIRD TIER \$3.90 PER 1,000 GALLONS 10,001 UP TO METER READING USAGE

SERVICE LINE & METER INSTALLATION CHARGES:

5/8 X 3/4"	\$300.00	2"	\$ 660.00
3/4"	\$330.00	3"	\$ 890.00
1"	\$380.00	4"	\$1,160.00
1-1/2"	\$520.00		

SERVICE CHARGES:

ESTABLISHMENT	\$ 40.00	
ESTABLISHMENT (after hours)	\$ 50.00	
RECONNECTION (deliquent)	\$ 50.00	
RECONNECTION (deliquent/after hours)	\$ 70.00	
METER TEST	\$110.00	
DEPOSIT	\$ 75.00	min or 2x last two bills whichever is higher
DEPOSIT INTEREST	NONE	
RE-ESTABLISHMENT (within 12 months)	\$ 40.00	
NSF CHECK	\$ 45.00	min or current banking fees if higher
DEFERRED PAYMENT	10%	
METER RE-READ	\$ 25.00	
LATE FEE	\$ 30.00	

LINE TAP \$1,000.00 (one thousand dollars)

Other Charges as specified by order:

DRINKING WATER APPLICATION
Water Infrastructure Finance Authority of Arizona (WIFA)
Project Financial Assistance Priority List Application

SECTION 1: APPLICATION INFORMATIONAPPLICATION NUMBER: DW-003-2011 |  **Print**

- 1.1 Applicant: Sulger Water Company #2 Job Title: President
- 1.2 Contact Names: First Valerie Middle Initial: Last: Betts
- 1.3 Address: 1380 W. Caroline Ln City: Tempe State: AZ Zip: 85284
- 1.4 Phone: (480) 893-6726 Fax: E-Mail: sulgerwater2@gmail.com
- 1.5 County in Which Project is Located: Cochise
- 1.6 Number of Connections to System: 18 Population Served by the System: 50
- 1.7 Average Monthly Residential Fee (Base + Use): \$43.00
- 1.8 Existing Debt (principal only) Payable by System Users: \$0.00
- 1.9 Median Household Income: \$32,105.00
- 1.10 ADEQ System Identification Number (PWS #): AZ0402120
- 1.11 Are you ACC Regulated? ☒ Yes ☐ No
- 1.12 Has this project received prior year WIFA funding?
- ☐ No
- ☐ Yes, request is for a multi-year construction project that received assistance in a previous funding cycle
- ☒ Yes, request is to construct a project that received TA funds in a previous funding cycle
- ☐ Yes, request is for additional financial assistance to offset actual costs of justified overruns
- 1.13 Is your company registered with the E-Verify Program? ☐ Yes ☒ No
 (You will be required to provide proof of participation prior to the execution of a loan or grant agreement.)

SECTION 2: PROPOSED DRINKING WATER FINANCIAL ASSISTANCE PROJECT

- 2.1 Project Title/Name: Sulger Water Co.#2
- 2.2 Type of loan required during this funding cycle? ☒ Design \$10,000.00 and/or ☒ Construction \$110,000.00
- 2.3 Briefly summarize below the problem (Mail or upload any supporting documentation)
- Two well connected to system - each well needs a flow meter and check valve - pressure gauge needed at well head piping.
 Air compressor installed on the pressure tank.
 Well #1 and #2 should be equipped with a new fence, entrance gate and informational signage.
 Land and easement issues should be resolved.
 Storage tank and booster pump at Well 2 should be relocated to Well 1 site - along with a backup booster pump installed at this time.
 Interior of hydroneumatic tank should be painted with a National Science Foundation approved coating.
 Need for 50 thousand gallon storage tank Well #1.
 Need a 5,000 pressure tank.
 Wells #1 and #2 need a disinfectant system.
- 2.4 Briefly summarize below the Solution
- Before any improvements and or upgrades are made to the utility system, engineering/design personal need to be brought in to evaluate the priority of needs in order of urgency for water system operations and safety.
 Also staff needs training in financial and management capacities.
- 2.5 Project Purpose: (Select only one)
- ☐ Assist Non-Compliant Systems to Achieve Compliance
- ☐ Assist Compliant Systems to Meet Future Reqmnts
- ☒ Assist Compliant Systems to Maintain Compliance
- ☐ Other Assistance Not Compliance Related

SECTION 3: EXISTING CONDITIONS AND PROJECT BENEFITS**3.1 Select Type(s) of Needs to be Funded**

- | | | |
|---|---|---|
| <input type="checkbox"/> Planning and Design Only | <input type="checkbox"/> Treatment-Bacteriological | <input type="checkbox"/> Treatment-Surface Water |
| <input type="checkbox"/> Treatment-Nitrate | <input type="checkbox"/> Treatment-Arsenic | <input type="checkbox"/> Treatment-Radionuclides |
| <input checked="" type="checkbox"/> Treatment-Organic Chemical(s) | <input type="checkbox"/> Treatment-Primary Standard [Metals(s)] | <input type="checkbox"/> Treatment-DBP |
| <input checked="" type="checkbox"/> Treatment-Other | <input checked="" type="checkbox"/> Transmission and Distribution | <input type="checkbox"/> Source |
| <input checked="" type="checkbox"/> Storage | <input type="checkbox"/> Purchase of System(s) | <input checked="" type="checkbox"/> Restructuring |
| <input checked="" type="checkbox"/> Land Acquisition | | |

3.2 Select Expected Project Benefit(s)

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Compliance - Existing Requirements | <input type="checkbox"/> Compliance - New Requirements | <input type="checkbox"/> Expand Service |
| <input checked="" type="checkbox"/> Reduce Public Health Risks | | |

3.3 Water Quality Improvement

- ☒ Proposed project addresses deficiencies identified by ADEQ ☐ Submitted a complete capacity development plan to ADEQ
- ☒ Proposed project includes installing meters to monitor water use

3.4 Consolidation and Regionalization

- | | |
|---|---|
| <input checked="" type="checkbox"/> Consolidate physical facilities of existing multiple facilities | <input type="checkbox"/> Extending service to existing areas currently served by another facility |
| <input type="checkbox"/> Consolidate the operations of existing multiple facilities | <input type="checkbox"/> Consolidate the ownership of existing multiple facilities |

3.5 Sustainability Index**A. Water Re-Use & Conservation - Project/System**

- ☐ will generate or utilize reclaimed water for direct re-use
- ☒ will correct water loss issues

☐ is actively engaged in water conservation program(s)

C. Green Practices - Project/System

☐ utilizes solid waste reduction alternatives

☐ Manages wet weather by infiltration, evapotranspiration or capture of stormwater

D. What percentage of the entire project would you classify as "green/sustainable"?

- ☐ A. 0% ☒ B. 1-10% ☐ C. 11-20% ☐ D. Greater than 20%

B. Energy Use & Conservation - Project/System

- ☒ will significantly improve system efficiency
- ☐ employs significant alternative energy sources and/or co-generation efforts

☐ has performed an Energy Audit

☐ meets EPA "Green Building" practices

3.6 System Compliance *must mail or upload supporting documents

- ☐ Notice of violations and/or consent orders from regulatory agency *
- ☒ In compliance

SECTION 4: READINESS TO PROCEED INDICATORS**4.1 Debt Authorization (For more information, see WIFA Debt Authorization Guidance Document)**

- ☐ Authorized (mail or upload copy of official governing body debt authorization resolution or election results)
- ☒ Date of Election or Authorization Unknown
- ☐ Scheduled
- If scheduled, enter anticipated election or authorization date: _____ [mm/dd/yyyy]

4.2 Project Design (Select only one)

- ☐ Completed ☐ Engineer Selected ☒ Date of Completion Unknown ☐ Scheduled for Completion
- Enter anticipated completion date: 8/30/2011 [mm/dd/yyyy]

4.3 Applicable Plan and Specification Approvals (Select only one)

- ☐ Obtained (mail or upload approval notification)
- ☒ Date of Approval Unknown
- ☐ Not Applicable (use textbox below to explain)
- ☐ Scheduled to Obtain Permits
- If scheduled, enter anticipated permit(s) date: _____ [mm/dd/yyyy]

If not applicable, then explain: _____

4.4 Project Bids (Select only one)

☐ Solicited Project for Bidding ☒ Date of Solicit Unknown ☐ Scheduled to Solicit Bid(s)

If scheduled, enter anticipated bid award date: _____ [mm/dd/yyyy]

SECTION 5: REQUESTED AMOUNT AND CERTIFICATION/APPROVAL

5.1 Estimated Date WIFA Funding Required: 4/30/2011 [mm/dd/yyyy]

5.2 Estimated Financial Assistance Costs & Funding Source

Funding Source	Project Costs
Amount Funded Locally:	<u>\$6,000.00</u>
Amount Requested from WIFA:	<u>\$115,000.00</u>
Other Source: _____	<u>\$0.00</u>
Total Cost:	\$120,000.00

5.3 As the Authorized Representative, I certify that the information contained in this application is, to the best of my knowledge, true, accurate, and correct.

First Name

Last Name

Title

valerie

betts

president

Authorized Signature: Valerie Betts

Date: 4/28/10